

NSC BRIEFING

8/2  
Rec 20 January 1960  
H2

BACKGROUND

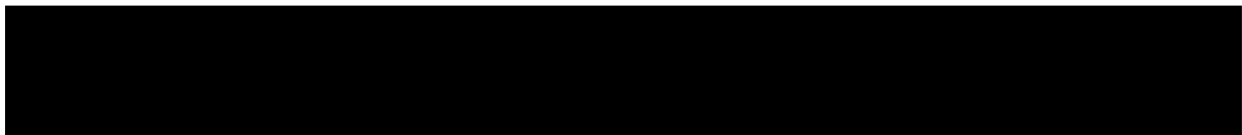
ASWAN HIGH DAM

- I. Announcement on 18 Jan that Soviet Union will aid UAR on "second stage" of High Dam does not seem to represent any shift in UAR policy. Cairo press is taking line that this economic cooperation is being accomplished despite sharp ideological differences.
  - A. Specific terms and size of the credit under the new agreement were not stated; however, aid is to be "on same basis" as USSR agreed to for the first stage of construction (which began officially on 9 January).
  - B. For first stage, Moscow (in November 1958) extended \$100,000,000, 2½%-interest, 12-year credit.
    1. This is to cover foreign exchange costs of constructing coffer dams and digging diversionary tunnels, and related activities.
  - C. Second stage credits will involve equipment, materials, and technical assistance for construction of the main or "high" dam itself, which will be earth-fill rather than concrete construction.
  - D. We do not yet know how much more than this the new Soviet credit may cover; additional "stages" as originally envisaged included provision for generating equipment and long-distance transmission lines.

DOCUMENT NO. 18  
NO CHANGE IN CLASS. (1)  
DECLASSIFIED  
CLASS. CHANGED TO TS S C  
NEXT REVIEW DATE:  
AUTH: HR 70-2  
DATE: 1-28-10

~~CONFIDENTIAL~~

25X6A



2. Still further stages of the project include vast irrigation and reclamation work.

II. Reasons for Nasir's decision to give more of job to Russians are basically economic--Soviets, already engaged in first-stage work, are able to offer ostensibly better deal than any competitors.

A. As we have observed before, Cairo's strong political differences with Moscow have never seriously interfered with UAR-Soviet economic cooperation on specific projects.

B. Nasir has been continually worried, however, that such interference would come, and he frequently asserts that he cannot afford to be too offensive to the Soviets for this reason--especially when, he claims, West is not ready to give him same magnitude of assistance.

~~CONFIDENTIAL~~